

WESTERN 890 OATT CUSTOMER MEETING

Date: JUNE 2, 2009, 10 a.m.

Location: Western's Corporate Services Office, Lakewood, Colorado, Rm. 225C

Questions and Answers

Tom Graves, Mid-West Consumers Electric Association: Hasn't Western always performed transmission study clustering?

Western: Yes, but as required by Order 890, the new clustering provisions provide for greater transparency by defining Western's process in the Tariff.

Tom Graves: On the transmission study timelines, what is the purpose of changing "due diligence" to "reasonable efforts"? What is the difference between the due diligence standard and reasonable efforts?

Western: The purpose is to help transparency. Reasonable efforts are what we've always done, but we felt that "reasonable efforts" provide more transparency and would be more helpful to the customers. We also felt like it provided more consistency with Western's Large Generator Interconnection Procedures, or LGIP, and Small Generator Interconnection Procedures, or SGIP, as well.

Ron Steinbach, Tri-State Generation and Transmission Association: What is the rationale for the change in the assignment language in LGIA Article 19.1?

Western: We inadvertently created some ambiguity during our 2005 Open Access Transmission Tariff (OATT) revisions. We clarified the language to specifically state that those assignments are allowed to be done—to identify the current rights of the holder—but we still need to concur with the assignment.

Ron Steinbach: I interpreted that Western could assign its rights as well. Was that intended?

Western: The changes shouldn't imply that Western intends to assign an LGIA/SGIA. We'll need to take a look at that language.

Ron Steinbach: Designation and un-designation of network resources—Is the OATi (Open Access Transmission International) OASIS (Open Access Same-time Information System) capable of designating and undesignating?

Western: No, the OATI OASIS does not currently have that capability. The standard/template is still being developed by the North American Energy Standards Board (NAESB).

Ron Steinbach: Regarding the changes that you're not making in Schedule 4, our interpretation is that the rate-setting design is up to the regions and that you will not establish the bandwidths that Order 890 requires.

Western: The intent is to allow for regional nuances.

Ron Steinbach: We have concerns with that, as rules governing federal rates are not the same.

Western: We understand your comment. Western has always dealt with that in our rates process in the past. It's difficult to incorporate that into one Tariff since the rate will be different in each region. We're thinking we'll continue to address that in the rate process.

Ron Steinbach: Are you dodging "superior or equal to" by pulling it out of the Tariff by putting in the rate process?

Western: We've dealt with that previously and it's been approved by FERC. We're proposing to retain that process.

Steve Lins, City of Glendale: Are you adding a new attachment C or is the calculation of ATC (Available Transfer Capability) changed from your previous procedures?

Western: It will be a new ATC procedure for the DSW region, which goes into more detail for firm and non-firm and various portions of the calculation.

Steve Lins: Is that what you were doing before or is it a change?

Western: For DSW, it's a change.

Steve Lins: For post-Order 890, will net hourly schedules be allowed?

Western: John Steward (DSW) indicated that he would look into that question.

Tom Graves: What is pre-confirmed?

Western: It is a check box on the OASIS for a Transmission Service Request (TSR) that indicates the Transmission Customer does not retain its right to manually confirm the TSR after Western moves the status to "Accepted." Instead for a pre-confirmed TSR, the TSR will automatically go into "Confirmed" status upon Western's acceptance.

Tom Graves: Is there a previous class?

Western: The pre-confirmed option existed previously; however, it now establishes a new priority level for some TSRs.

Tom Graves: To what extent does the Transmission Infrastructure Program (TIP) work to parallel the credit worthiness provisions being added to the OATT?

Western: I'm not aware of what the TIP project requirements are. It might be different.

Ed Chang, Flynn Consultants, SNR: Are you taking questions on the redline tariff?

Western: Yes.

Ed Chang: In the Part II of the Transmission Planning Process (Attachment P) that applies to the Western regions, there is a reference to various transmission planning groups and associations on Page 185 that includes a footnote 2 referencing PSPA (Pacific Southwest Planning Association). We are not aware of such a group that Western is involved in, and if so can we get a copy of that agreement?

Western: That's an oversight on Western's part. Footnote 2 should have been removed. We believe there is an organization out there, but Western is not a part of this organization.

Ed Chang: Regarding the cost of responsibility for economic planning studies—pg 190, statement of priority and non-priority—Western notes that it cannot fund any due to contingency of Congressional appropriations. Why is this not stated similarly for reliability studies noted on pg 191, 1.2.5(b)(ii), local priority requests? It sounds like there's an issue of comparability where Western is funding one and not the other.

No response needed.

Ed Chang: Pg 191, local priority. (ii), restated statement. What is "significant load"? Is that defined somewhere else in the Tariff? What's significant for one of my clients may not be significant for Western.

Ed Chang: Pg 192, (e) low priority reliability planning studies, needs to be defined. Need to define the group of studies that are high priority.

Ed Chang: This is just a comment. Western supposedly addressed the 9 planning principles, one of which is comparability. In regards to that, I don't think you talked to the issue of comparability.

Ed Chang: Western had one slide that deals with the planning, and the slide only had 3 bullets. Others have spent numerous public processes with lots of forums. Western has only one page and one meeting. That doesn't seem to be enough exposure.

Leslie James, Colorado Energy Distributors Association: Regarding ATC and the bifurcations of Attachments C and P to depending upon region. Is this separating existing procedure or is it a change to the process?

Western: For DSW, we will use the new ATC methodology. For the Upper Great Plains Region (UGP) the Attachment C reflects the current ATC methodology in place today, which will be included directly in the Tariff. For UGP, Attachment P is new but reflects the Mid-Continent Area Power Pool (MAPP) regional planning process that UGP participates in presently.

Leslie James: What about the planning process?

Western: For Western, we really aren't doing anything different. We're just making it more formal and transparent. We're following the lead of the investor-owned utility community in the Southwest Area Transmission Planning Group (SWAT) () and Colorado Coordinated Planning Group (CCPG) . Our Attachment P for the Western regions is really patterned after Salt River Project (SRP), which is patterned after Arizona Public Service (APS). All of the entities in SWAT and CCPG have similar attachment Ks. For UGP, we've created a new Attachment P. The other portion—SWAT—there are others that we participate with. Others are very good in posting to the Web site. I don't know that the planning process will be necessarily different, but will be more transparent than it was previously. We needed to formalize the process to comply with 890. It's much more open and advertised than previously.

Leslie James: Will we have a comment period after this meeting?

Western: Yes, the comment period goes through July 1.

Ron Steinbach: How close does Attachment P come to what was done before?

Western: Western's Attachment P for the Western regions is a bit different, but follows the Westconnect process and is very similar.

Ed Roman, Sacramento Municipal Utility District: On the OATT procedures: Once implemented, if there is an existing transmission service contract in play, do they remain under the original OATT or do they switch over to the new OATT language?

Western: Is there a specific aspect that you are referring to? For example, there is a phase in for rollover requirements.

Ed Roman: I'm talking about specific transmission service for Point to Point (PTP) service. When a transmission service request is submitted, does it stay with the OATT revision in place at that time? When does service become effective?

Western: It depends on what stage it was requested on. If you requested re-assignment prior to the effective date of the revised OATT, you use the old language. To the extent there is a conflict with the new tariff, generally, it applies to all contracts existing.

Ed Roman: What about the process for studies?

Western: Depends on what stage the studies are in for the request. If the studies are complete or in the final stage of completion, it will be difficult to reopen the study to include a conditional

firm analysis for example. If we have a request for a study under an existing contract, it would continue to be processed under the existing contract.

If you can think of specific concerns, please feel free to contact Bob Kennedy.

Penny Casey, DSW Merchant: Customers have asked specific questions, and we're not sure how to answer but we have directed them to the (OATT) team. To assist the customers, I wanted to ask the team to elaborate on designation of resources and the timing of designation, (day ahead, hour ahead, etc.) Also, when will the information outlined in Section 29.2(v) of the OATT for network resources be required (i.e. when the request is made or the day ahead)? I will help to relay the information on to the customers as they are concerned about long-term firm.

Western: Those issues will be determined in the implementation by our Transmission Advisory Team (TAT) team. FERC is still struggling with how to implement network resource designations/un-designations.

Penny Casey: Regarding Schedule 5, Op reserves and spinning reserves. Can you provide an example of non-generation resources capable of providing these spinning reserves so we can better understand it?

Western: We are unable to do that right now. NAESB is supposed to figure out how this could be done with non-generation resources. The industry is scratching its head on how non-generator resources can provide these spinning reserves. It fits better in the Regional Transmission Organization (RTO) markets, but for other transmission providers, it would be difficult to implement, but that will have to be determined on a case-by-case basis. It still needs to be wrestled with and the TAT team will be taking that on.

Tom Graves: On environmental studies, what happens if they don't meet time requirements?

Western: The request will be deemed withdrawn.

Tom Graves: If there are factors beyond the control of the customer, is that going to be taken into consideration? Can they petition Western?

Western: Yes, it will depend on circumstances. The deadlines can be modified with mutual agreement of the parties.

Ron Steinbach: Does RMR have any intent to implement hourly firm?

Western: Please call Raymond Vojdani at RMR.

Anything else on the phone?

Dick Buckingham, SMUD: Are you addressing any plans to file an unreserved use penalty rate?

Western: Not at this time. There are no current rate filings that we are aware of.

Dick Buckingham: Do you have any current plans to do so?

Western: None that I'm aware of. If there are internal discussions, we can't speak to that.

Western: Ray V: One correction—in RMR, we have an existing unauthorized use penalty charge for unreserved use as part of our rates. We charge 150% penalty of the hourly rate.

Dick Buckingham: Does this apply to reserves?

Western: No. In the case of RMR, there is a reserve sharing group. They buy capacity in advance for delivering reserves with no penalty. Most of the reserve deliveries have been addressed in advance. If a customer's allocation is 100 MW and they use 150 MW, there is an

opportunity for them to correct, but if they don't, there's a penalty. If the other is joint allocation, and it's not granted, then there is a violation.

Dick Buckingham: Is there any special language in the Tariff?

Western: No. The discussion is indicative of RMR, but may not apply to SNR, so you'd need to contact SNR rates staff for clarification as to SNR's process.

Public Information Forum closed. Thank you.